

# STATE OF IDAHO TAX UPDATE

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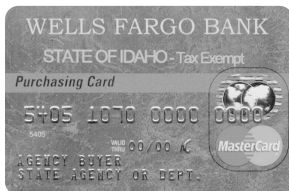
SEPTEMBER 1999



This issue of *Tax Update* deals mainly with new government credit cards. If you have questions about the material here, or if you need more information, contact any Idaho State Tax Commission office listed on the back of this newsletter.

Many retailers are confused about whether to charge tax when a state or federal government employee uses a credit card to make purchases. New Idaho state purchasing cards and U. S. government SmartPay cards may make taxing and record keeping easier.

## New Idaho State Purchasing Cards Issued to Some Employees



Idaho businesses can expect to see many Idaho government agencies making tax-exempt purchases with a new state purchasing credit card. These new MasterCards® will be used to buy everything from operating

supplies to meals and motel rooms.

The Wells Fargo Bank MasterCard® has the name of the state agency and, in most cases, the name of the state employee using the card imprinted on the bottom. The card reads: "State of Idaho – Tax Exempt, Purchasing Card." Charges to the card are directly billed to the government agency and paid for by the agency.

To document the exempt purchase, the

vendor obtains a completed form ST-101 (Sales Tax Resale and Exemption Certificate), ST-104HM (Sales Tax Exemption on Lodging Accommodations), or a photocopy of the card itself.

State employees buying goods, meals and lodging using Diners Club International® credit cards must pay the sales tax. These charges are directly billed to the employee, not the state.

## U.S. Government Replaces IMPAC Cards with SmartPay Cards

Federal government agencies are phasing out the use of IMPAC VISA® cards to make tax-exempt purchases. In their place, agencies are using a new series of SmartPay cards, which may be either Visa® or MasterCard®. Each card has the words "United States of America" at the top and "GSA SmartPay" in the top right corner. The name of the using employee is imprinted on the bottom left. There are three types of cards: fleet cards, purchasing cards and travel cards.

### Fleet Cards

Fleet cards are used to buy goods (such as gas, oil, parts and repair services) for the agency's fleet of vehicles. These cards have a picture of the U. S. flag superimposed over several automobiles. The card reads: "For Official Government Fleet Use Only."

All purchases made with fleet cards are billed directly to the agency and are



exempt from Idaho sales tax. The vendor should document the exempt purchase by keeping a photocopy of the card, or documenting the information from the card on his sales receipt.

### Purchasing Cards

Purchasing cards are used to buy operating goods for the government agency. These cards have a picture of a pillar from the Capitol Building. The card reads: "For Official U.S. Government Purchases Only, U.S. Government Tax Exempt."

Like the fleet cards, all purchases made with purchasing cards are billed directly

to the agency and are exempt from sales tax.

The vendor should document the exempt purchase by keeping a photocopy of the card, or documenting the information from the card on his sales receipt.



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## Travel Cards *Continued from front*

Travel cards are used by U.S. government employees for official travel expenses. These cards have a picture of a jet aircraft in front of the US Capitol dome. The card reads: "For Official Government Travel Only CPP."

Unlike the fleet and purchasing cards, purchases with these cards may or may not be tax exempt. If the sixth digit of the card number is a 1, 2, 3 or 4, the purchase is billed to the employee and the sale is taxable. If the sixth digit of the card is 6, 7, 8, 9 or 0, then the purchase is billed to the



government agency, and the sale is exempt from sales tax.

The vendor must document exempt sales by keeping a photocopy of the card, obtaining information about the card on form ST-104HM, or any other method that clearly establishes that the travel card used qualifies the purchaser for an exemption from sales tax.

### ★ ★ ★ COMING SOON ★ ★ ★

#### Internet Filing of Sales Tax

Internet filing of sales tax returns is coming soon. NationTax Online currently provides electronic filing of Idaho income tax withholding returns and is expanding its services to Idaho sales tax. NationTax Online's services can be found at [www.nationtaxonline.com](http://www.nationtaxonline.com).

## Speakers Bureau Hits the Road

We know many Idaho citizens find the tax laws confusing. To help resolve this problem, we have formed a Speakers Bureau with staff trained and eager to speak to groups of ten or more about Idaho tax laws.

We are giving presentations to industry, professional and civic groups to help their members understand the sales tax laws that affect them. We will also train employees of your business to help them understand how sales tax applies to their specific job duties.

If you would like someone to speak to your group, contact Claudia at the Tax Commission Speakers Bureau at PO Box 36, Boise, ID 83722, e-mail [taxrep@tax.state.id.us](mailto:taxrep@tax.state.id.us), or call 1-800-972-7660. The members of the Speakers Bureau will be happy to help you better understand Idaho taxes.

## Where To Get Information

If you would like to know more about Idaho state taxes, call the Idaho State Tax Commission toll free at **1-800-972-7660** or contact any of the offices listed below:

#### Boise

800 Park Blvd., Plaza IV  
(208) 334-7660

#### Pocatello

611 Wilson St., Suite 5  
(208) 236-6244

#### Twin Falls

1038 Blue Lakes Blvd. N, Suite C  
(208) 736-3040

#### Coeur d'Alene

1910 Northwest Blvd.,  
Suite 100  
(208) 769-1500

#### Lewiston

1118 F Street  
(208) 799-3491

#### Idaho Falls

150 Shoup Ave., Suite 16  
(208) 525-7116



#### HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529) to reach any Tax Commission office listed above.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Section 60-202, Idaho Code.

TAX UPDATE is published quarterly and mailed to all sales and use tax account holders with their tax return forms. Unless otherwise noted, information in TAX UPDATE applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest State Tax Commission office. Comments about TAX UPDATE and suggestions for future issues should be sent to:

TAX UPDATE Editor  
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State Tax Commission  
P.O. Box 36  
Boise, ID 83722



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### IDAHO STATE TAX COMMISSION

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Boise, Idaho 83722